

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Entrepreneurs require a broad range of skills and personal characteristics to build and run a business successfully.

At the pre-launch, start-up or early stages of growth, the entrepreneur may be the only person involved in the development of the business. Being multi-talented becomes a real advantage.

Characteristics

Creativity

Creativity will be involved in the **branding**, product photography or **artwork, marketing** and website design in order to make the right impact and develop a strong USP.

Risk-taking

Entrepreneurs need to be prepared to take **calculated risks** in order to do things differently and stand out from the competition. Playing safe is unlikely to make much of a splash.

Negotiation

Negotiation skills are particularly important in **discussions** with banks, material suppliers, with customers and in hiring employees.

Confidence

Doing things differently to others can cast doubt on operations. Having the confidence to know that your new idea, method or offer is right can make the difference between success or failure.

Innovation

Innovation is required to make existing products better than others, or to develop new ideas or ways of doing things. This includes the internal operation of the business, its products and services.

Communication

Communication is crucial at all stages of the business, from **pitching** an initial business plan to investors, sending the right **messages** through branded artwork, ensuring smooth **teamwork** and in **marketing**.

Determination

Try, try again. There may be many hurdles to success. **Persevering** after **setbacks** may be what separates you from the competition.

A press release needs to be written for the launch of a new product.
Explain how effective communication skills would be required. ^[2]

Need to explain the unique features of the product^[1] in ways the audience will understand.^[1]

Sir James Dyson famously took 15 years and 5127 attempts at the first bagless vacuum cleaner.

POTENTIAL REWARDS FOR RISK TAKING

Setting up a new business or introducing a new product involves taking risks. Entrepreneurs will calculate these against the potential reward.

Financial rewards

A new business may not make millions, but there is the opportunity that it could, and the profits would be there for the entrepreneur in return for the risks they take in putting their own time, ideas, reputation and personal investment at stake.

Independence

Owning and running a business offers greater flexibility to do what you want with the enterprise and to choose the actions and directions it takes. As an employee, the direction of the business and working hours may be well out of your control. Many businesses are started by former employees.

Self-satisfaction

Many entrepreneurs simply have a passion for business. It can be highly motivating to create and grow an enterprise, especially one that aligns with their own values. The prestige and opportunity to become experts in their field may also be an attractive source of pride and achievement.

Make a difference or change

One of the biggest success factors of business lies in making a positive difference to other people and to improve their lives. This also creates huge motivation and satisfaction for people involved in the business. Some businesses are started by people trying to change the way things are currently done. This may be to put right a wrong, to find more environmental ways of doing business or to better support others in their industry.

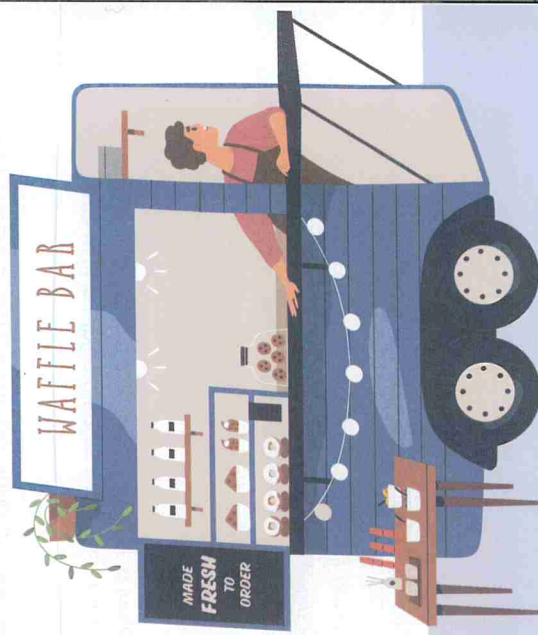
Which of the following is a reward an entrepreneur could receive for starting a business? ^[1]

- A. Financial security
- B. Flexibility with working hours and holidays
- C. Making a difference to people
- D. Personal relationship issues ^[1]

D: Personal relationship issues.^[1]



With multiple choice questions, look for the correct answer, but check it by ruling out others that cannot be correct. You may be able to deduce the right answer.



POTENTIAL DRAWBACKS FOR RISK TAKING

The success or failure of a business rests on the shoulders of the entrepreneurs.

Many more businesses fail than succeed so a new business usually means long hours of hard work, worry and sleepless nights. What's at stake is a huge responsibility to business owners, including the welfare of their families and employees.

Financial risks

Many business owners will need to take on increased personal **debt** in order to fund a start-up. This can involve mortgaging the house, putting the family home at risk if the business fails. If the business has unlimited liability (e.g. a sole trader or partnership), the owner(s) would be personally liable for all the debts of the enterprise.

After paying all employees and suppliers, the business may make no profit at all for many years. This could mean financial difficulty for owners relying on a quick return.

Personal relationships

The daily stress of business, even successful ones, can put significant strain on personal relationships. The business can often be seen to 'come first' before family and other friendship commitments. **Divorce** rates with entrepreneurs are high as a result, but if the partner of an entrepreneur can provide stability and understanding, it can be highly productive.

Health and well-being

The **stress** and worry involved in all aspects of business can put a strain on owners' health, even when a business is doing well. Stress can bring on many ailments or can lead to alcohol or substance abuse which only makes situations worse in the longer term.

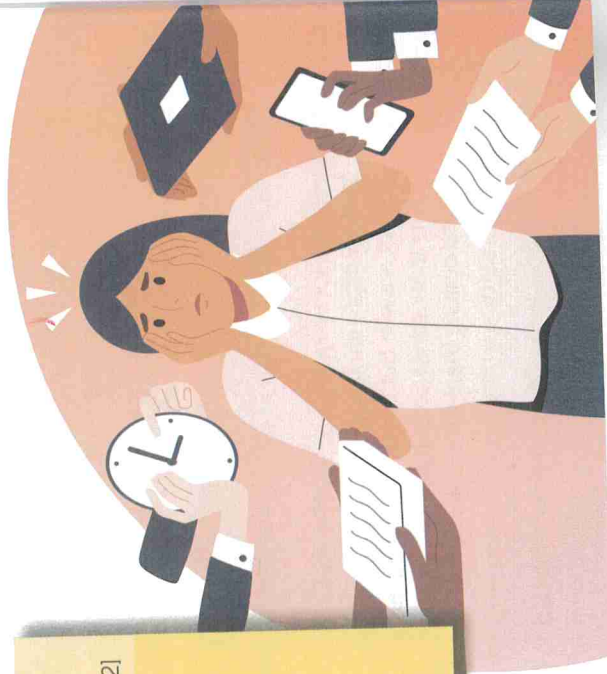
Work-life balance

It is important to find the right balance between work and personal life, to reduce stress and improve well-being. Many entrepreneurs find it almost impossible to 'switch off' from the business in the evenings, at weekends or even when they take a holiday which makes any **downtime** less likely to be relaxing. There are countless stories of new entrepreneurs working 12-hour days, 7 days a week. This means less time for **relaxation**, for family or for friends.

Give **one** way in which owning a business may improve work-life balance and **one** way in which it may worsen it. [2]

Owning a business may provide the flexibility to take time off when it suits. [1] Business owners may take more time for holidays. [1]

Long working hours may be required which come at the cost of social events/seeing their family/children in the mornings or evenings. [1] Business owners may find it hard to relax/socialise if they can't switch off from business problems during their downtime. [1]



EXAMINATION PRACTICE

- Which **one** of the following is an important personal characteristic for an entrepreneur? [1]
 - Age
 - Confidence
 - Health
 - Wealth
- Which **one** of the following factors is not a potential incentive for new business owners? [1]
 - Being their own boss
 - Financial reward
 - Freedom to run a business their way
 - Improved personal relationships
- Identify **three** areas of an entrepreneur's life that may suffer as a result of risk-taking. [3]
 - Give **two** examples when negotiation skills may be used by an entrepreneur. [2]
- David is a successful serial entrepreneur. He has started a new online marketplace business selling craft items produced by local artists and sculptors who otherwise cannot reach a market for their produce. 10% of the profits are reinvested into local community art projects.
 - Give **one** likely motivation for David in starting the enterprise. [1]
 - Explain how the new enterprise may impact David's work-life balance. [2]

David has employed an agency to build a website for the online craft store.

 - Explain **one** risk that David might face when setting up the website. [2]